

# DESIGN FOR DEVELOPMENT

## PHASE THREE

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### STATEMENT BY

THE HONOURABLE WILLIAM G. DAVIS  
PREMIER OF ONTARIO  
TO THE LEGISLATURE FRIDAY JUNE 16, 1972


### STATEMENT BY

THE HONOURABLE W. DARCY McKEOUGH  
TREASURER OF ONTARIO  
TO THE FOUNDING CONVENTION OF  
THE ASSOCIATION OF MUNICIPALITIES  
OF ONTARIO, IN OTTAWA JUNE 19, 1972

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*Premier of Ontario*

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Three years have passed since "Design for Development -- Phase II" was set out in late 1968 by the Honourable John Robarts. A great deal has been accomplished -- a great deal has been learned. The people of Ontario are more and more concerned that as we make economic progress it not take place without regard to social cost or social progress. There is a growing sense of urgency for the need to plan very carefully the use of our resources. They must be planned in such a way that our economic progress is but a part of an overall strategy to enhance the lives of all our people. This broader strategy must provide for the complete range of social programs, such as education, health, welfare, housing, transportation and the environment, that is required by modern society.

This Government is convinced that the policies and programs originally set out in 1966 and pursued and enlarged under the heading "Design for Development" are more important than ever if the balance that is so necessary between economic and social progress is to be achieved.

The Provincial Government has accepted and carried forward its responsibility for guiding, encouraging and assisting the rational planning and development of this Province.

The Province has also recognized that it cannot carry out this important task by itself. It has therefore continued in its commitment to creating local governments that have sufficient size and resources to respond to the need for adequate planning and servicing for a modern community. It is essential to observe, as well, that the policies necessary to achieving our economic and social goals will be developed after full consultation with local leaders and residents. As we gain experience and insight into the application of new policies we must be prepared to reassess continually their strengths and weaknesses.

In a society that is experiencing the advantages of urban living, but which at the same time feels the pressures and strains on its resources, the careful planning and management of those resources to the benefit of all citizens becomes critical. It is not the purpose of this statement to discuss in depth the current reorganization of the Provincial Government. However, I think it relevant to point out that the reorganization is being carried out for precisely this reason -- to develop integrated policies and priorities that take very careful account of the limits of our resources and our aspirations for economic and social well-being. This reorganization will now be reflected in our "Design for Development" program as well. We must follow a similar course in reshaping local governments so that they too may consider and respond in a broad and flexible way to the rapidly changing needs of our communities.

Governments at both levels must have the breadth of authority and the strength in both financial and administrative resources on which to base the important choices that must be made. They must also be in a position to match the resources they have with the needs of the people they serve. Local government consists of thousands of decision-making bodies with uneven financial capacity and varying geography. This does not provide an adequate basis for cohesive or decisive priority-setting in meeting the needs of the people.

I wish to state today some of the things we have learned and some of the new initiatives we will be taking in the future in the "Design for Development" program.

In this review and prognosis I shall be dealing with what we might consider a triangle of inter-related policies:

- 1 Provincial-regional social and economic planning.
- 2 Local government reform.
- 3 Provincial-municipal fiscal reform.

Each is important in its own right. Each is, I think, a necessary link or complement to the success of the others.

In "Design for Development", the Province will continue to mold and implement a broad planning strategy in which regional resources will be measured against the range of economic and social needs of the residents in those regions.



Local governments for their part must have a provincial plan to relate to in the development of the policies that are theirs to enunciate. Continuing attention will be paid to establishing more cohesive decision-making bodies that can also be expected to implement a variety of interrelated local policies and services for appropriate local areas.

Fiscal relations between the Province and local governments must reflect the desire to establish and support public policies that are responsive to changing needs and priorities.

These are goals for all Ontario, not just for certain parts. In this Phase III statement today, the Ontario Government reaffirms its commitment to the "Design for Development" program.

As we gain experience we will, as the statement indicates, be changing some of the emphases and perspectives within the program. The program will not change, however, in one of its very fundamental aspects, namely, the essential ingredient of consultation with those concerned with the major policies that evolve in the province. As the Provincial Government makes decisions in the difficult and complex field of public policy, local views must be available to us. We shall continue to take steps to encourage that important contribution. We cannot abandon the task of considering and weighing conflicting local views, indeed views that are at times contrary to expressed provincial policies, as we seek out suitable answers to our mutual problems.

It is a source of some pleasure for me that my colleague, the Honourable Darcy McKeough, will be in Ottawa next week to address the Founding Convention of the new Association of Municipalities of Ontario. I anticipate that it will be a very significant event and it will provide the Treasurer with an opportunity to describe to the municipal representatives in more detail the plans we have for the future.

I turn now to the Regional Development Program.

## **THE REGIONAL DEVELOPMENT PROGRAM: A PROGRESS REPORT**

In the field of regional development, the Province of Ontario has passed several important milestones during the last three years. While regional planning for the province has not yet achieved its full impact, the program is having an ever-increasing influence on the lives of the people of Ontario.

In May 1970, the Toronto-Centred Region concept was issued by this Government. Since that time it has been adopted in principle as a matter of government policy. At the moment, all Provincial Ministries and Agencies have been asked to use the Toronto-Centred Region concept in the formulation of plans and programs. At the same time, the concept is undergoing progressive refinement, the first results of which were published in August 1971 in the "Status Report."

It is the intention of the Government to issue a further series of public statements which outline government policies and proposals on various major components of the plan. From these statements and the provincial/municipal interaction taking place as a result of our work, we are moving more and more towards definitive guidelines which can be used by the Province and the municipalities in the establishment of program priorities.

Outside the Toronto-Centred Region and the Northwestern Ontario Region where Phase II reports have been completed, the Regional Development Program has been concentrating on completing Phase I reports for the various regions. I am pleased to announce that these documents are now complete for all of Southern Ontario, marking a major step in the overall Regional Development Program.

## **CHANGES IN THE TECHNIQUES FOR IMPLEMENTING REGIONAL DEVELOPMENT IN ONTARIO**

The structure for the design and implementation of regional development plans has remained relatively unchanged since the program began in 1966. We now have enough experience in this field to suggest some major changes in this machinery.



## A NEW SYSTEM OF PLANNING REGIONS FOR ONTARIO

The existing system of ten economic regions was adopted in the mid-1950's by the Province. It is now clear that this system is no longer adequate for the purposes of the Regional Development Program. Larger units covering a major urban centre and its entire tributary region are required if we are to make plans which are rationally related to the economic and social activities of the Province. It must be emphasized that the goals of the Regional Development Program cover a wide spectrum of life. We must plan for industrial and commercial development; we must plan our land use and conserve our recreation areas; we must preserve our environment; and we must relate to this the social needs in education, housing, health and welfare in all parts of Ontario. Indeed, it is the broad economic and social fabric of the community that must concern us in making our choices and in setting our policies and priorities. As we do these things we think it is more appropriate to apply the term "planning regions" rather than simply "economic regions". A new system, then, of Planning Regions will be introduced, effective January 1, 1973. This system will cover the following areas:

- 1 Eastern Ontario
- 2 Central Ontario
- 3 Southern and Western Ontario
- 4 Northeastern Ontario
- 5 Northwestern Ontario

These new Regions will be used for all Phase II and subsequent reports prepared within the context of the Regional Development Program.

The Treasurer will be giving further details of proposed changes in the way in which we receive advice from the Regions. He will also outline some adjustments in the Advisory Committee of key civil servants at Queen's Park, as well as in the Regional Advisory Boards, which consist of civil servants serving in the Regions. It is the intention of the Government that the Regional Development Program work very closely with municipal governments in Ontario. This is particularly important in areas where reorganized municipal governments are, or will be, established. The preparation of an official plan under a regional municipality, for example, and the capacity to carry it out, are vital to the success of the Province's planning and development strategy. As we see it, the cities, counties and regions of Ontario will be the most important bodies in the implementation of regional planning and development for this province.

## THE LOCAL GOVERNMENT REFORM PROGRAM

Important milestones have been achieved in our program of local government reform during the last three years. The major municipal reorganizations, that in the "Design for Development -- Phase II" statement were anticipated for Ottawa-Carleton, Niagara and York, are well underway. The District Municipality of Muskoka has been established and the new City of Thunder Bay represents a major consolidation. All of these are steps towards strengthening local government, broadening its focus and retrieving an important role in the governing process of this Province. On January 1, 1973 three more very significant municipal reorganizations will be achieved -- one in the Sudbury area, one in the Waterloo area, and one in the Timmins-Porcupine area. These reforms will play a big part in creating municipalities that can, and I am confident will, be capable of responding to the needs of the residents they serve.

After having come this far in the reform of local government, it is time now to set out some guidelines for the future.

Undoubtedly, the main objective within the context of "Design for Development" is to encourage local leaders and local people to work together to evolve and take responsibility for broad planning strategies. This will require a re-shaped and integrated structure of local government and

fiscal arrangements to support it. If meaningful dialogue is to take place between the Province and local representatives, more broadly based local governments must be established. We believe that the regional municipalities, the district municipality and the major consolidation carried out to date represent very positive steps for the areas they serve. We recognize that these new local governments have had and are having their problems. It is not to be expected that major changes and innovations such as these represent would eliminate all problems. It will be important to consider these problems carefully to determine which should be solved locally and which properly are concerns of the Province. To do otherwise would be a betrayal of our confidence in local government, and would destroy the division of labour that is required if each level is to be effective and be accountable for its actions.

Before proceeding further, I wish to acknowledge the sincere efforts that are being made by the chairmen, the other heads of councils, members of councils and their staffs, and indeed the residents themselves where major local government reforms have taken place. Their willingness to adapt to new responsibilities and challenges and the ideas they bring forward for improving these new systems are invaluable. While we believe the nature of the system is important to the preparation of effective policies and action, it is no less true that people, and the attitudes and motivation they bring to the system, are basic and indispensable ingredients for success. The Province has come to the conclusion that the general guidelines for local government reform set out in "Design for Development - Phase II" are still valid, and we shall continue to pursue them. What is required now in the program is a shift in some of the emphases and some new initiatives by the Province.

## **1 PROVINCIAL RESPONSIBILITY IN REDEFINING LOCAL STRUCTURE**

Ultimately it is the Province that must decide and take responsibility for policy in local government reform. The problems that some municipalities have experienced in reaching a policy for the future also underline the need for the Province to give leadership in redefining and restructuring responsibility at the local level.

## **2 NEW EMPHASIS ON A POLICY FOR LOCAL GOVERNMENT**

Almost every Ministry of the Provincial Government is involved with local government in one way or another. New emphasis will be given to the positive support of all Ministries as required to co-ordinate a balanced policy between the Province and local governments. As a result of the reorganization of the Provincial Government, the Cabinet, through the new Policy Fields and in co-operation with the Treasury Ministry, will give fresh impetus to the adoption of a policy on local government.

## **3 THE SCOPE OF LOCAL GOVERNMENT REVIEW**

The Province is concerned about the general strategy in terms of the scope and approach in carrying out local government reform studies. The starting point for most studies has been the county. However, as present counties may not provide a suitable base for local government in some cases, it is now time to broaden the basis on which studies are undertaken.

## **4 FUTURE FORMS OF LOCAL GOVERNMENT AND PROCEDURES**

There is no single pattern that can be applied province-wide. No one regional municipality mirrors another in every respect. It would simplify legislation a great deal if they did, and undoubtedly as part of our program of reforms we will be searching for ways to simplify and clarify local government legislation.



Nevertheless, this observation is as much a comment on local government itself, whose complexities and localized aspects cause requirements to vary from one area to another.

It is unlikely that the establishment of regional municipalities is necessary throughout the Province. Consolidation may be a very suitable alternative in some areas. We will continue to be innovative in our approach.

The Province will study the problems and interrelationships of different areas by a variety of means, whether by direct involvement or through consultants or review commissions. The views of local residents and their municipal councils will be sought. The Province will then make specific proposals, and following consideration of local response to those proposals will make policy decisions as to the future of local governments in a given area.

Special attention will be given in the immediate future to devising a more direct process for achieving major consolidations. We are further convinced that it is not appropriate to expect the Ontario Municipal Board to provide the forum for major policy decisions on the future of local government. Indeed, the proposed review of the role of the Ontario Municipal Board will itself be an important element in our local government policy development in the future. Our first priority will be to arrive at findings and recommendations for reorganization of local government in the Toronto-Centred Region. The urgency is plain in terms of cohesive and orderly planning for an area of close to 200 municipalities.

It is our goal that by 1975 sufficient progress will have been made to enable the Government to make proposals concerning the direction of local government reform in the rest of the province. I want to make it clear that this does not mean that it will be possible to have legislated all those proposals by that time.

Further, I want to emphasize that local consultation will continue to play an essential part in determining the end product. What we are setting out to do now is to develop a new provincial map of local government in Ontario that will allow us to answer many of the questions on "who is responsible, where, and for what?", and turn our attention more purposefully to the critical question of our priorities.

## **PROVINCIAL-MUNICIPAL FISCAL RELATIONS**

Fiscal reforms must be developed and applied to support the structural reforms now going forward if we are to establish effective local government in Ontario. To create stronger, more responsible and more accountable local governments requires more than regionalization and consolidation. It requires fundamental changes in the financing of local government, particularly reform of the structure and incidence of property taxation and reform of provincial aid to local governments. Nor is this goal of fiscal reform a purely provincial-municipal matter which can be sorted out by the Province in co-operation with local governments. Rather, it is part of the larger task of total tax reform and fiscal reform for the public sector as a whole, embracing the federal as well as the provincial and municipal levels of government.

Throughout the long process of national tax reform, Ontario consistently stressed one fact: real reform must re-distribute the total tax burden bearing on our citizens and must provide an increased share of total financial resources to the provincial-municipal sector where the most urgent needs exist. To the extent that a greater share of total fiscal resources or tax room is transferred from the federal level to the Province, it in turn can provide greater tax access or increased grants to municipalities.

Though no breakthrough has yet been achieved in securing such a re-distribution of fiscal resources, significant progress has been made towards comprehensive tax structure reform. In particular, I point to the property tax credit plan which Ontario has successfully negotiated with the Federal Government. By linking property tax burdens directly to ability to pay as determined under the personal income tax, residential property taxes in Ontario will, in future, be distributed on a much fairer and more consistent basis.

In addition to the property tax credit plan, a number of other programs have been developed over the past few years to assist particular categories of taxpayers and individual communities. In this respect I would mention the tax reduction for elderly persons in receipt of the guaranteed income supplement and the payment made to municipalities within whose boundaries universities, community colleges and provincial parks are situated. This process will continue.

Fundamental to all property tax reforms is the need for complete reassessment of all properties to eliminate the anomalies and inconsistencies contained in existing assessment rolls.

The revaluation of property is already well under way and this process is scheduled for completion by the end of 1973. The assessment rolls should therefore become available in 1974 when extensive public testing of the new assessments can take place. Following this, the normal appeal proceedings can be allowed to take their course.

The date of introduction of the new rolls for tax purposes will probably depend on the progress of the appeals through the Assessment Review Courts and the further associated legal processes. The aim is to have them ready in 1974 to permit widespread discussions and review, both public and municipal.

Perhaps the most important thrust of future property tax reform, apart from the necessary first step of complete reassessment, is to establish the broadest possible property tax base. This means including present wholly and partially exempt properties in the tax base, determining an appropriate method of taxing special properties, such as Bell Telephone, and solving the problem of taxing farmland.

As a result of present assessment discrepancies, large-scale shifts in tax burdens will be produced by reassessment and these tax shifts will vary widely from one municipality to another. The Government's tax reform program aims to establish appropriate levels of taxation on these different properties and to avoid a total shift to residential properties over the province as a whole. Measures will also have to be developed to phase in the impact of changes in tax burdens. The tax reform measures and reassessment will be introduced simultaneously so that there will be a smooth and controlled transition from the old system to the new property tax system. Hopefully, this can be initiated in 1975, but as indicated, this will depend on the progress of assessment appeals.

Closely related to structural reform and to taxation reform is reform of the system of provincial transfer payments to local governments.

Over the years, the financial interrelations between the provincial government and its local government partners have become unduly extensive and complex.

The Ontario Government clearly recognizes the need to rationalize its grants system. All our reform objectives are closely interrelated. Through the establishment of stronger, more viable local governments and the process of reassessment and related local tax reforms, we expect soon to reach the point where we will be able to enhance greatly the financial independence and responsiveness of local government in meeting the problems of modern communities.

For the present, we are reviewing the grant structure in the expectation of introducing early improvements to it. In this review, we will be conscious of the need for greater efficiency in spending and delivery of services, for greater responsiveness to differing local requirements and priorities, and for overall restraint by the government sector.



## CONCLUSION

The elements of Provincial policy development that I have discussed are all aimed at a common objective, the careful planning and management of the economic and social resources of the people of Ontario. The Provincial Government has an important role in developing a framework of province-wide planning. Local government must be shaped and defined in such a way that local people can play a positive role in relating to provincial plans for meeting the needs of their communities. Finally, the fiscal relations between the Province and local government are another important key to enabling both levels of government to respond effectively to the problems of a modern society. All of these programs must go forward if Ontario's full social and economic potential is to be realized to the benefit of all of our citizens.

Mr. Speaker, I would be remiss if I did not draw special attention in a discussion of this kind to the Provincial-Municipal Liaison Committee. Over the past two years, the response of local leaders and staff representatives from the municipal organizations to this method of communication with municipal officials has been more than gratifying. As we develop our policies and meet the challenges of a rapidly urbanizing society, the co-operation and effort of our municipal leaders will be essential. The willingness of those who serve on the Provincial-Municipal Liaison Committee to meet at frequent and regular intervals to discuss with us the complex issues of the day has brought provincial-municipal relations to a high level. I am confident that in the provisions we will make together we will be answering the requirements and desires of the people of Ontario.



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**STATEMENT BY THE HONOURABLE W. DARCY MCKEOUGH**  
*Treasurer of Ontario*

**ASSOCIATION OF MUNICIPALITIES OF ONTARIO**  
**FOUNDING CONVENTION OTTAWA JUNE, 1972**





## DESIGN FOR DEVELOPMENT

### PHASE THREE

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STATEMENT BY  
 THE HONOURABLE W. DARCY MCKEOUGH  
 JUNE, 1972

Last week the Premier made a very important statement on Design for Development. I am very pleased to have an opportunity to discuss this statement with you at this convention. In this room are the people who will be called upon to show the leadership to meet the challenges thrown out to you in this program. It is particularly significant that the new initiatives and perspectives within the program are being put forward at the same time that two of the major municipal associations of this Province forge new bonds. I am confident that this new organization will be able to play an effective role as we reshape and strengthen local government in Ontario. I propose today to discuss, in more detail, the statement made by the Premier. Much of what I say will be a repeat of Mr. Davis' statement, but I want to take this opportunity to spell out more of the Provincial Government's thinking that is so relevant to you as local leaders, elected and appointed.

Three years have passed since Design for Development Phase II was set out in late 1968 by the Honourable John Robarts, and it is six years since Phase I began the process in 1966. A great deal has been accomplished - a great deal has been learned. One inescapable observation during this time has been that more and more people in Ontario are concerned about the relationship between two important elements that affect all of us - economic progress and quality of life. This Government is convinced that the policies and programs originally adopted in 1966 and pursued and enlarged under the heading of Design for Development are more important than ever if the balance between economic progress and a high quality of life for all of the people of Ontario is to be accommodated. There is a growing sense of urgency to plan the use of economic and social resources very carefully. It must be planned in such a way that economic progress is but a part of an overall strategy to enhance the lives of all of our people. The broader strategy must provide programs of education, health, housing, welfare, transportation and environment that will encourage a vibrant people.

The Provincial Government has accepted and has carried forward its responsibility of guiding, encouraging and assisting the rational planning and development of this Province.

The Province has recognized, however, that it cannot carry out this important task by itself. It has therefore continued in its commitment to creating local governments that are capable of being more responsive to the complex problems and issues in planning for people. It is essential to observe further that the policies that are necessary to achieve our economic and social goals are evolving policies. Consultation with local leaders and residents will continue to be indispensable in this process. As we gain experience and insight into the application of new policies, we become aware both of their problems and of their strengths. No one has been down this particular road before. It takes a good deal of courage, patience, understanding and innovation at all levels of government to deal effectively with the complex problems of the late 20th Century. I think, for example, that in the important area of policy formation, people do understand the cause and effect relationship that exists between our economic, social and environmental problems and the limited capacity of our systems of government and bureaucracy to solve these problems.

Essentially we are dealing with the human values of every individual in our society.

In a society that is experiencing not only the benefits of urban living, but also the pressures of wasting resources, the careful management of those resources becomes critical. While it is not the purpose of my remarks this morning to discuss in any depth the current reorganization of the Provincial Government, I think it is most pertinent to remark that reorganization is being carried out for precisely this reason - to develop integrated policies and priorities that take very careful account of the limits of our resources and our aspirations for economic and social well-being.



This reorganization will be reflected in our Design for Development program as well. We must follow a similar course in reorganizing local governments so that they too may respond in a broad and flexible way to the rapidly changing needs of our communities.

People talk a great deal these days about the quality of life. If it is to be maintained at a high level, deliberate public policies must be articulated and pursued. The drive to material well-being must be tempered by a greater concern for the basis upon which life itself exists. Governments must have the breadth of authority and the strength in both financial and administrative resources to say yes to some and no to others. They must also be in a position to co-ordinate the resources they have with the needs of the people they serve. Local government consists of thousands of decision-making units with uneven financial capacity and varying geography. This does not provide the basis for cohesive or decisive priority-setting in meeting the needs of people. I have said that these are evolving policies. They are policies for difficult, complicated problems for which we do not have instant answers. These are problems of development, social progress and the system of government itself that require very pervasive answers. Again we are convinced that we are on the right track in search of answers in Design for Development. I wish today to review with you some of the progress we have made since 1968 - some of the things we have learned and some of the new initiatives we will be taking in the future in the Design for Development program.

In this review and prognosis I shall be dealing with what we might consider a triangle of inter-related policies:

- 1 provincial-regional social and economic planning policy;
- 2 local government reform policy;
- 3 provincial-municipal fiscal reform policy.

Each in its own right is important. Each is, I think, an important link or complement to the success of each of the others.

This relationship may be simply illustrated. The Province by its regional planning policy is attempting to guide a very careful use of the Province's resources - its land, its water and its air - in the best interests of all of our people. This policy could be frustrated, indeed contradicted, by a system of local government that feels compelled to maximize its development and its tax yields. It is a simple proposition: if over 900 municipalities believe they have the right to exploit their physical resources to minimize tax burdens, the rational use of our resources will be lost. Our policies must be directed to the broadening of local planning, not only of our natural resources, but of our social resources and programs as well. We must direct our fiscal policies to encourage broad and balanced economic and social planning to take precedence over assessment planning. In Design for Development the Province will continue to develop and implement a broad planning strategy in which regional resources will be measured against the needs of the people resident in those regions.

Local governments for their part must have a provincial plan to which to relate as they prepare their social and economic policies. Continuing attention will be paid to establishing local governments that can in fact be expected to plan and implement a variety of interrelated local policies and services for appropriate local areas.

Fiscal relations between the Province and local government must reflect the desire to establish and underpin public policies that are responsive to changing needs and priorities.

These are goals for Ontario, not just for certain parts of Ontario.

In this Phase III statement the Ontario Government is reaffirming its commitment to the Design for Development program. We will, as this statement sets out, change some of the emphases and perspectives within the program. We will also take more of the initiative for innovation and change, particularly within the local government reform program.



The program will not change, however, in one of its very fundamental aspects. That is the essential ingredient of consultation with those involved in, and by, the evolving major policies of the Province. As the Provincial Government makes decisions in this difficult and complex field of public policy, local views must be available to us. We shall continue to take the steps necessary to encourage that important contribution. As we seek suitable answers to our mutual problems, the task of considering and weighing conflicting local views - even those that may be contrary to expressed provincial policies - cannot be abandoned.

I want to discuss with you now the three major elements I see in our Design for Development policy and to touch on some of the progress we have made and problems we have encountered, as well as the initiatives the Province will be taking in the coming months to continue the development and application of these all-important public policies.

I turn first to a progress report of the provincial regional development program.

### **THE REGIONAL DEVELOPMENT PROGRAM: A PROGRESS REPORT**

In the field of regional development, the Province of Ontario has passed several important milestones during the last three years. A review of this progress will help us to place in perspective the changes we are now proposing. While regional planning for Ontario has not yet achieved its full impact, the program is having ever-increasing influence upon the lives of the people of this Province.

For a number of reasons our major concern has been the Toronto-Centred Region. The greatest pressures for growth occur in this Region; in addition, developmental and planning decisions made by government and the private sector in the Toronto-Centred Region affect the largest number of people in Ontario.

In May 1970, the Toronto-Centred Region concept was enunciated by this Government. Since that time it has been adopted in principle as a matter of government policy. At the moment, all Provincial Ministries and Agencies have been asked to use the Toronto-Centred Region concept in the formulation of plans and programs. At the same time the concept is undergoing a progressive refinement. The first results of this detailed refinement were issued in August of 1971 in the Status Report, which dealt with a number of decisions that had been made by the Government in the context of regional development in the Toronto-Centred Region. It is useful at this time to review the major decisions that were announced in that Report:

- (a) Some revisions were made in the boundary between the proposed urbanized area of Zone 1 and the open space and restricted development area in Zone 2. These revisions were designed to reflect actual development patterns then emerging in the Toronto-Centred Region.
- (b) A tentative population allocation was announced for the two major sewer and water service schemes adjacent to Metropolitan Toronto -- Central York and South Peel.
- (c) The Government announced its intention to establish closer liaison arrangements with municipalities in two areas, Simcoe and Port Hope-Cobourg, which have been designated for accelerated growth.

Further work is now being done in these and other aspects of the Toronto-Centred Region Plan. It is the intention of the Government to issue more public statements which outline government policies and proposals on various major components of the Plan. The first of these was the announcement of the location of the new airport. The most recent dealt with the Central York servicing schemes. While the timing and precise nature of further statements is not now known because work is still in progress we expect to include specific comments and recommendations in the following areas:

- (a) a first attempt at the allocation of future growth throughout the Toronto-Centred Region on the basis of population projections and forecasts. This information is necessary as a guide for both the Province and municipalities in their planning programs. Until we have some precise indication of where growth can best take place, and at what rate this growth will occur, provincial and municipal planning is working in a vacuum;
- (b) further statements on the structure of urban communities within Zone 1 of the Toronto-Centred Region. These statements would attempt to outline the nature and function of these communities, describing the role which they will perform within the Region and indicating a tentative schedule for development;
- (c) a prime concern of the Government is the preservation of open space within the Region, particularly in Zones 2 and 3. We expect to announce specific policies to encourage this preservation;
- (d) a major feature of the Toronto-Centred Region in the next thirty years will be the establishment of new towns. We intend to make a series of statements on the design and possible scheduling of these new developments. The first statement will probably be a design concept for North Pickering New Town, which will be a combination of the Cedarwood and Brock communities proposed in the statement of May 1970. The Government believes that North Pickering will provide an ideal opportunity to demonstrate that large modern urban communities can continue to be pleasant places in which to live. We intend to experiment with many new techniques in the fields of planning and development, and hope to learn many lessons which will later be applied in the establishment of other new communities and the expansion of existing communities;
- (e) the report of the Task Force on the Niagara Escarpment popularly known as the Gertler Report, has now been accepted by the Provincial Government as policy and substantial funds have been committed to the acquisition of key lands along the Escarpment. As a further step in the implementation of a program to preserve this important natural resource, we have established a task force within the public service to recommend an appropriate mix of policies and programs. This task force is holding a series of hearings and has commissioned a number of studies. The task force will report to the Government no later than October 1st of this year. Following consideration of the recommendations of the task force, the Government intends to propose a series of policies, including priorities for provincial acquisition of lands and techniques for the implementation of provincial land-use policies on the Escarpment;
- (f) one of the features of the Toronto-Centred Region Plan which has attracted a great deal of public attention is the proposed Parkway Belt. The statement on the purposes to be performed by the Parkway Belt and the policies we intend to pursue in its implementation will be issued soon. Statements on the proposed location of the component parts of the Parkway Belt are being released from time to time;
- (g) machinery is now being established with municipalities in Simcoe County and in the Port Hope-Cobourg area in order that these municipalities may advise us on the implications of our plans for the provision of municipal services in their areas;
- (h) funds have been allocated during the current fiscal year to aid municipalities in the development and revision of their planning programs so that they will be compatible with the policies enumerated in our Regional Development Program.

It should be emphasized that the statements which the Provincial Government will be issuing over the next year or so are part of the process of refining and applying the plan adopted in my budget of April, 1971. Because this is an ongoing process, not all of these statements will be definite, firm policies to be pursued by the Provincial Government. Many will be designed to encourage



discussion before the Province becomes committed to a particular course of action. Out of these statements and the provincial-municipal interaction taking place as a result of our work, we are moving towards more definitive guidelines which can be used by the Province and the municipalities in the establishment of program priorities.

Outside of the Toronto-Centred Region the Regional Development Program has been concentrating on completing Phase I Reports for the various regions. I am pleased to tell you that these documents have now been completed for all of Southern Ontario. This marks a major watershed in the Regional Development Program.

The first three Phase I reports were for the Mid-western, Niagara and Northeastern Regions. These were large, technically oriented documents. It was our judgement that these reports did not produce the kind of public response desired. The basic reason for this was that they were simply indigestible to the non-professional public. In the remaining five regions, Phase I reports are being issued in a completely different format. They are brief documents which cover the following subjects in ordinary language:

- (a) a brief outline of trends within the region;
- (b) a statement of issues which will be faced by the people of the region over the next few decades;
- (c) an examination of various alternative ways in which the region might develop in the future;
- (d) an invitation to the public and interested groups within the region to respond to this Statement as part of the formulation of policy proposals in the next stage of the regional planning process.

Two Phase I reports in this new format have now been released. On April 17th a report entitled "Prospects for the Lake Erie Region" was presented to the largest group ever assembled under the sponsorship of the Regional Development Program. A similar Report for the Lake Ontario Region was issued on June 1. The Phase I report for the St. Clair Region will be published on June 22nd, and reports for Eastern Ontario and Georgian Bay will be published during the next few months.

We are now ready to move into the next stage of the Regional Development Program in Southern Ontario. This stage will feature a response by the people of each of the regions to these documents. This response and the work to be done within the public service will provide the nucleus for a further report which recommends policies and programs to achieve recommended development of goals in each of the regions.

In Northwestern Ontario specific proposals for implementing a regional development strategy have been prepared and presented, and I announced they were government policy on October 13, 1970. Work is now progressing on various detailed components of these proposals, and implementation is proceeding on a gradual basis. Some examples of implementation of development plans in Northwestern Ontario include:

- (a) the development of a regional communications network centred on Thunder Bay;
- (b) the examination of, and recommendations for, a transportation plan in Northwestern Ontario;
- (c) special programs of aid and assistance to mining exploration in various parts of the Region.

A Phase I Report for Northeastern Ontario was presented a year and a half ago. The Province is now engaged in the preparation of a preliminary analysis of a preferred development strategy and concept for this Region. We are now examining various detailed development alternatives, and a report setting these out and making tentative recommendations is expected within the next six to eight months. This report will then be presented to the people of the Region for their response prior to the making of any specific policy commitments by the Provincial Government.

## **CHANGES IN THE TECHNIQUES FOR IMPLEMENTING REGIONAL DEVELOPMENT IN ONTARIO.**

The structure for the design and implementation of regional development plans has remained relatively unchanged since the program began in 1966. We now have enough experience in this field to suggest some major changes in this machinery.

### **1 A New System of Planning Regions for Ontario.**

The existing system of ten economic regions was adopted in the mid-1950's by the Province. These regions were designed as statistical units by the Federal Government. They were never intended to be units for the development and implementation of plans. We are now ready to move from regions that were suitable for analysis to regions that are suitable for planning. Larger units covering a major urban centre and its entire tributary region are required if we are to make plans which are rationally related to the economic and social activities of the Province. It must be emphasized that the goals of the Regional Development Program cover a wide spectrum of life. We must plan for industrial and commercial development; we must plan our land-use and conserve our recreation areas; we must preserve our environment; we must relate to this the social needs in education, housing, health and welfare in all parts of Ontario. Indeed, it is the broad economic and social fabric of the community that must concern us as we make our choices and set our policies and priorities. As we do these things it is more appropriate to apply the term Planning - - rather than Economic - Regions. In view of this, a new system of Planning Regions will be introduced, effective January 1, 1973. This system will have the following features:

- 1 a Planning Region covering all of Eastern Ontario;
- 2 a Planning Region for Central Ontario;
- 3 a Planning Region for Southern and Western Ontario;
- 4 a Planning Region for Northeastern Ontario;
- 5 a Planning Region for Northwestern Ontario.

These new Regions will be used for the three remaining Phase II reports and subsequent status reports. In addition, it is our intention that Planning Regions will form the basis for as many regional administrative activities as possible. Furthermore, the five Planning Regions will become the operating base for the organization of work within the Regional Development Branch.

### **2 Relations with Local Government**

It is the intention of the Government that the Regional Development Program work much more closely with municipal governments in Ontario. In pursuit of this, a series of direct consultations is taking place and will continue. This is particularly important in areas where reorganized municipal governments are, or will be, established. The preparation of an official plan under the sponsorship of a regional government is an extremely significant input into the implementation of the Province's development strategy. Indeed, while it may be possible in theory to pursue a successful regional development program without significant participation by local government, to do so would be a complete violation of this Government's commitment to a working relationship with local government. As we see it, the cities, counties and regions of Ontario will be the most important bodies in the implementation of regional planning and development for this Province. This will mean consultation in the preparation and implementation of the Regional Development Program with about 70 regional governments, districts, separated cities and towns and counties rather than the 10 groups now within the present regions. This will present some difficulties, but we think they are more than worth the effort.



### 3 A New Regional Advisory System

At the present time there are ten Regional Development Councils in Ontario - one for each of the ten regions. These Councils play an advisory role to the Provincial Government. They respond to proposals and statements by the Province and undertake limited research activity on their own initiative. The composition of these Councils is mixed. In most cases municipal membership predominates, although there is a small but significant representation from the private sector. It is our judgement that the Regional Development Councils have not been entirely suitable for the developing needs of the Program. As advisors to the Provincial Government, and as representatives of "the grass roots" of public opinion in the regions, the Councils have tended to duplicate activities already undertaken by municipalities.

It is our intention to move to a new system of broad participation in the Regional Development Program in the new Planning Regions. While we will wish to discuss the details of these new advisory bodies with the existing Regional Development Councils, municipal associations and others, I believe that the following approach has merit: the establishment of five new bodies, one for each Planning Region perhaps under the aegis of the Ontario Economic Council representing business, commercial and academic interests; as well as the establishment of five counterpart municipal groups, one for each Planning Region, perhaps under the aegis of the Provincial-Municipal Liaison Committee. (In passing, let me say how well this latter group is working.) The prime role of each of these bodies will be to advise us on the regional development aspects of various Provincial economic and social policies and programs.

I appreciate the need for a quick resolution of this question. For one thing, we need public involvement in the Regional Development Program, and the sooner this is made effective, the better. In addition, the present uncertainty is unfair - and unsettling - to those in the current Regional Development Council framework who have worked effectively in the past on behalf of our Regional Development Programs. Accordingly, we would hope to have a new system of public participation in operation by January 1, 1973.

One of the major activities of the old Regional Development Councils has been industrial and tourism promotion. It is essential that this function continue. The Provincial Secretary for Resources Development and the Minister of Industry and Tourism see a role for some of the people associated with the Regional Development Councils in an expanded program of regional industrial information and promotion.

### 4 A New Advisory Committee on Regional Development.

The key group within the Provincial Civil Service for the co-ordination of various Ministry components of the Regional Development Program is the committee of Deputy Ministers known as the Advisory Committee on Regional Development. This committee has now been reconstituted as the Advisory Committee on Urban and Regional Planning, in the following manner:

- 1 Representation on the Committee at the Deputy Minister level has been expanded so that all the Policy Fields are now involved.
- 2 The terms of reference of the Committee have been expanded to include policy issues relating to municipal reorganization and local policies on planning and development. The Chairman of this Committee will continue to be the Deputy Minister of the Ministry of Treasury, Economics and Intergovernmental Affairs. Staff support and secretariat services for this Committee will, in the future, be provided by the Urban and Regional Planning Division.

## **5 A New System of Regional Advisory Boards.**

At the present time there are ten Regional Advisory Boards of Civil servants -- one for each of the regions. These Advisory Boards consist of senior civil servants in the field programs of various Ministries. They provide advice during the preparation of policies, and ensure that the regional perspective on Provincial programs is built into the regional planning process. It is proposed that these Boards be reconstituted and five new Regional Advisory Boards be established. Representation on these Boards would duplicate Ministry representation on the new Advisory Committee on Urban and Regional Planning and each would work in co-ordinated fashion with our new system for local participation in the Regional Development Program.

## **A TIMETABLE FOR THE FUTURE**

Over the next two years, the people of Ontario may expect the following output from the Regional Development Program. This output will form the basis of continuing dialogue, debate and implementation.

- 1 A series of statements on policy and techniques relating to the Central Ontario (Toronto-Centred) Planning Region.
- 2 Municipal participation in consultation and implementation through 70 regional municipalities, districts, separated cities and towns and counties.
- 3 Implementation of a system of broad participation in the Regional Development Program on the basis of the five new regions.
- 4 A series of Phase II policy recommendation reports required in the remaining planning regions.
- 5 Specific implementation measures in key program areas, including particular projects designed to diversify the economic base of the various regions.
- 6 New measures which will set out regular procedures and criteria to be followed by both government agencies and non-governmental bodies in the implementation of the Provincial Regional Development Plan.

## **THE LOCAL GOVERNMENT REFORM PROGRAM**

### **A Progress Report**

Important milestones have been achieved as well in our program of local government reform during the last three years. The major municipal reorganizations that, in the Design for Development Phase II statement, were anticipated for Ottawa-Carleton, Niagara and York are well underway. The District Municipality of Muskoka has been established and the new City of Thunder Bay represents a major consolidation. All of these are steps toward strengthening local government, broadening its focus and retrieving an important role in the government process of this Province. On January 1, 1973 three more very significant municipal reorganizations will be achieved - in the Sudbury area, in the Waterloo area and in Timmins-Porcupine. These reforms will play a great part in creating municipalities that can, and I am confident will, be more responsive to the needs of the residents they serve.

Having come this far in the reform of local government it is time now, I think, to review some of the issues and problems, and set out some guidelines and schedules for the future.

As a general observation about local government, I think it is fair to say that over the years there has been a preoccupation with something called "service delivery". A vast array of municipalities and special purpose bodies, boards and commissions have grown up to deliver services. Surely, however, government is more than an instrument through which to deliver services. Its central role must be to deal with issues. One of the major and insistent issues of our time is the quality of life and conservation and preservation of our environment. Taken as a whole our "system"



of local government is unsuited to providing the broad policies and priorities to tackle this issue. It is virtually impossible to deliver services through thousands of local government bodies and provide for the rational management of resources at the same time.

This government, as I have already implied, is committed to local government not only for its own sake, but also for the essential working relationship it can provide in the rational planning of the use of this Province's precious resources for our people. Through the restructuring and re-organizing of local government, local leaders and local people can take an important share of the burden in developing and implementing critical public policies over wider areas.

Essentially, the circumstances that inhibit local government's effective participation in meeting modern problems can be summed up in a single word - fragmentation. As I stated in my Budget Statement of this year, there are too many municipalities: "... municipal governments - over 900 of them - cannot be expected to deal effectively with problems that are common to the residents of wider local areas. Second, there are far too many special purpose boards and commissions. They obscure the accountability of councils, and impede comprehensive priority setting." If, however, local government continues to be but an agglomeration of small municipalities and other bodies, one cannot fault parochial thinking. Finally, decisions made by separated cities and towns on one hand and counties on the other affect common geographic areas and the same people. This problem must be studied carefully to ensure the proper co-ordination of planning decisions. The lack of co-ordination of land-use planning, for example, can only lead to very costly servicing problems and the waste of our resources.

The main objective certainly within the context of Design for Development is to encourage local leaders, local people to work together to evolve and take responsibility for broad planning strategies. This will require both a reshaping of the structure and responsibilities of local government and the fiscal arrangements that support it. If meaningful dialogue is to take place between the Province and local representatives, more broadly based local governments must continue to be established.

We believe that the regional municipalities, the district municipality and the major consolidation carried out to date represent very positive steps for the areas they serve. We recognize that these new local governments have had, and are having, their problems. I do not think any thoughtful person expects that major changes and innovations such as these represent would eliminate all problems. We are watching the experience of each region carefully. It will be important to consider these problems carefully to determine which of them should be solved locally and which are properly concerns of the Province. To do otherwise would be a betrayal of our confidence in local government, and would shatter the essential division of labour that is required if each level is to be effective, and responsible.

Before I proceed any further, let me join the Premier in saying to you that I am delighted by the sincere efforts that are being made by the chairmen, the other heads of councils, members of councils and their staffs, indeed the residents themselves, where major local government reforms have taken place. Their willingness to adapt to new responsibilities and challenges and the ideas they bring forward for improving these new systems are invaluable. While we believe the nature of the system is important to the preparation of effective policies and action, it is no less true that people and the attitudes and motivation they bring to the system are the key and indispensable ingredients for success.

### **New Initiatives and Techniques in Proceeding with Local Government Reform.**

When we examine the examples of major local reform now operating in the Province, we recognize that it is not easy to identify a coherent policy as to the timing and selection of areas for reform. One of the reasons for this has been the Province's desire to rely heavily on local initiatives to undertake studies and to support reforms. The pace of reform has been roughly two major areas a year.



The course of gradualism could continue - certainly a good deal of resistance to reform is expressed in many parts of the Province, demonstrating that the roots of local government are deep. Also, the new regions are not without their problems, and their experience is valuable in evolving more effective forms of local government. This implies a need for gradualism. On the other hand, if local government is to play a vital rather than a redundant and at times contradictory role in both the enunciation and execution of its share of broad, positive policy in the Province, that gradualism must be seriously questioned. The pressures of urbanization, the integral relationship of local government to sound economic, social and fiscal relations policies for **all** of the Province severely limits the usefulness of this very slow and very selective approach. We must not lose sight of the fact that the Province and its municipalities serve the same people, although in different ways and at times for different things. The Province has come to the conclusion that the general guidelines for local government reform set out in Design for Development Phase II are still valid and we shall continue to pursue them. What is required now in the program is a shift in some of the emphasis by the Province.

First of all, the Province recognizes now that it is perhaps too much to ask of municipal politicians to be the authors of what is ultimately and properly provincial policy - the design of the structure and organization of local government and the definition of the responsibilities that should be carried out within the structure. The questions, justifiable questions, from municipalities are becoming more and more insistent and are mounting day by day. They ask how to plan for their future in terms of the structure of their local government, whether it be an addition to an administration building, or matters of land-use or the possibility of amalgamations and annexations. These questions deserve answers, and it is encouraging that they are asked in terms of an appropriate decision-making structure for local government.

The difficulty in setting up suitable liaison arrangements between the Province and a multitude of affected municipalities, contrasted to the growing effectiveness of our liaison with regional municipalities, has reinforced our zeal for local reforms. There are, for example, 188 municipalities in the Toronto-Centred area alone. Effective liaison on important provincial-municipal matters is very difficult in these circumstances. We are also convinced that the implementation of rational policies is going to depend heavily upon a new approach, not only to liaison but to local decision-making as well.

In the coming months we will be changing the emphasis in some parts of the local reform program by assuming more of the duty that I think you will agree should be ours. We propose to do the following:

### **1 Provincial Responsibility in Redefining local Structure.**

Ultimately it is the Province that must decide and take responsibility for policy in local government reform. The most recent example to reinforce this view is the experience with the Oshawa Area Planning and Development Study in the area immediately east of Metro Toronto. The impasse in reaching a policy for the future of local government underlines for us the need for the Province to take the responsibility to redefine and restructure responsibility at the local level.

### **2 New Emphasis Upon a Policy for Local Government.**

The complexities of local government reform are far reaching. One important consideration is that the reform of local government cannot reasonably be limited to an exercise in shifting boundaries. It is also extremely important to consider the responsibilities that are properly local governments' to carry out. We would reaffirm the guidelines laid down in Design for Development Phase II in this respect. What is required now is new emphasis upon the need to have, in fact, a cohesive **policy on local government** to guide the many Ministries of the Provincial Government. Almost every Ministry of the Provincial Government is involved with local govern-



ment in one way or another. If we are to have what we may genuinely term a policy on local government, the co-operation and positive support of every Ministry will be required in a review of the division of responsibilities between the Province and local government. Equally important will be a review and redefinition of the organizational relationships between the Province's Ministries and local governments. The desired cohesiveness of local government organization could be made ineffectual by the intrusion of provincial priorities through a continuation of a special purpose organizational approach. The creation of provincial Policy Fields has provided the basis for a better integrated approach to policies and priorities involving related services. These Policy Fields will be examining their relationships with local government. A similar integration should take place in local government on the grounds that if services and functions are related, responsibility for them should not be divided. The special purpose approach to functions makes priorities rather inflexible by definition. In a situation of limited resources, local governments should be able to shift their priorities and be better able to respond to changing requirements. The responsibility for the review of these relationships and related policy formulation is located in the Ministry of Treasury, Economics and Intergovernmental Affairs. Up until now, policies involving Ministries and local government have been developed on an ad hoc basis -- region by region. Cabinet, through the new Policy Fields in co-operation with my Ministry, will give fresh impetus to the adoption of a policy on local government. This approach will, in practice, give substance and support to the idea of strong, coherent and responsive local government. We shall also rely upon such bodies as the Provincial-Municipal Liaison Committee, the Task Force on Policing, Task Force Hydro and others to give us advice on the appropriate role and organizational arrangements relevant to these responsibilities in local government. The systematic review and evaluation of the major reforms will be undertaken within my Ministry and we shall have the views of those other Ministries that are closely involved with local government.

### **3 The Scope of Local Government Review**

The Province is also concerned with general strategy in terms of the scope and approach in carrying out local government reform studies. The starting point for most studies has been the county. While the regional municipalities already created in Ontario represent substantial reforms, it is fair to say that they have been largely county-oriented. There is mounting evidence that the county in Ontario often does not reflect modern communities of interest nor suitable bases for public policy -- especially the basis for appropriate co-ordination and implementation of broad planning policies.

More and more counties are pressing for, or initiating, studies that by definition, and perhaps other motivation, cease at county lines. The Wellington-Guelph Study, recently submitted to the Province for consideration, asserts that "if rational reorganization of local government is to take place in Ontario without reference to existing county limits, this can only be done at the provincial level and not within the confines of any local government review study."

Our experience bears this out. We cannot reasonably expect counties to be the architects of broad new forms of local government. It is indeed valid to ask in which ways the present boundaries of the various counties are or are not relevant. It is now time to broaden the basis upon which local government studies are undertaken.

### **4 The Forms of Local Government to be adopted in the Future and Procedures.**

One thing that is clear in our reform of local government is that there is no set arrangement. One regional municipality does not mirror another in every respect. It would simplify legislation a great deal if they did. But this is really a comment on local government itself - it is complex and



it is local, and the requirements of one area may vary from another. Certainly, as part of our program of reforms, we will be searching out ways to simplify and clarify local government legislation. However, we will be very mindful of the circumstances in the areas studied.

It is unlikely, for example, that the establishment of regional municipalities is necessary throughout the Province. Consolidations may be a very suitable alternative in some areas. We will continue to be innovative in our approach to both. The Province will be taking the same path in implementing the reforms - the difference is that a more systematic approach to preparing a new map of local government will be followed. The Province will study the problems and interrelationships of various areas by a variety of means: by direct involvement or by consultants or by review commissions. The views of local residents and their municipal councils will be sought. The Province will make specific proposals and, following consideration of local response to those proposals, will make policy decisions as to the future of local government in any given area. Special attention will be given in the immediate future to devising a more direct process for achieving major consolidations. We are more and more convinced that it is not appropriate to expect the Ontario Municipal Board to provide the forum from which major policy decisions should come as to the future of local government. Indeed, the role of the Ontario Municipal Board, generally, is to be studied, and this review will be an important element in our local government policy development in the future.

### **Timetable for Local Government Reform**

We must recognize - and there is a parallel here with the Regional Development Program - that the municipalities along the Montreal-Windsor corridor are under the most immediate and intense pressure. We would set as our first task, the definition of the parts of this corridor for study purposes. These are rather arbitrary selections in most cases. However, if one could state with certainty what the most useful and logical locations for these boundaries were, the need for study would be considerably reduced. I cannot emphasize too strongly that these sectors are for study purposes only, and do not necessarily represent eventual local government boundaries. Our first priority would be to arrive at findings and recommendations for the Toronto-Centred Region. The urgency is plain. The Province will find, and is finding, it very difficult to establish coherent economic planning, at the same time dealing with close to 200 municipalities. Most of the conflicts that arose with respect to municipal plans and the Toronto-Centred Region concept have been exaggerated by the fragmented structure, organization and financing of local government.

### **TIMETABLE**

By the fall of this year the Provincial Government will make proposals for the municipalities immediately east and west of Metro Toronto within the Toronto-Centred Region. This will include the municipalities in Ontario and Northumberland and Durham to the east and those of Peel, Halton, Wentworth and Hamilton to the west. The Government will continue to receive briefs from interested local parties or from those who may have changed earlier views. It is the Government's intention to make proposals for all of the aforementioned areas this fall. A period for local response to these proposals will follow and subsequent government proposals for introduction into the Legislature could be prepared and announced as early as January, 1973.

We expect that the same timetable could apply for Haldimand and Norfolk since we will have the Study Director's recommendations on local government reform in the near future.

Beyond this we would hope that for the remaining municipalities in the three Southern Ontario Planning Regions proposals would be presented by 1975.

## **Northern Ontario**

The Province, by the fall of this year, will announce its policies and guidelines for the strengthening of local government in the North and for establishing planning and other services in those areas that will continue to be without formal local government arrangements.

It is our goal that everyone in the Province will have a good idea of the direction in which local government is going by 1975. I want to make it clear that this does not mean it will be possible to have legislated all those reforms by that date. Furthermore, local consultation will continue to play an essential part in determining the end product. What we are setting out to do now is to develop a new provincial map of local government in Ontario that will allow us to eliminate many of the questions of "who is responsible, where and for what?" -- and turn our attention more purposefully to the critical question of our priorities.

## **Provincial-Municipal Fiscal Relations**

Fiscal reforms must be developed and applied to support the structural reforms now going forward if we are to establish effective local government in Ontario. This was clearly recognized in the 1969 white paper on the Reform of Taxation and Government Structure in Ontario. To create stronger, more responsible and more accountable local governments requires more than regionalization and consolidation. It requires fundamental changes in the financing of local government, particularly reform of the structure and incidence of property taxation and reform of provincial aid to local governments. Nor is this goal of fiscal reform a purely provincial-municipal matter which can be sorted out by the province in co-operation with local governments. Rather, it is part of the larger task of total tax reform and total fiscal reform for the public sector as a whole -- embracing the federal as well as the provincial and municipal levels of government. Throughout the long process of national tax reform, Ontario consistently stressed one fact - real reform must redistribute the total tax burden bearing on our citizens and must provide an increased share of total financial resources to the provincial-municipal sector where the most urgent needs exist. To the extent that a greater share of total fiscal resources or tax room is transferred from the federal level to the Province, it in turn can provide greater tax access or increased grants to municipalities.

Though no breakthrough has yet been achieved in securing such a redistribution of fiscal resources, significant progress has been made towards comprehensive tax structure reform. In particular, I point to the property tax credit plan which Ontario has successfully negotiated with the federal government. By linking property tax burdens directly to ability to pay as determined under the personal income tax, residential property taxes in Ontario will in future be distributed on a much fairer and consistent basis. And municipalities in turn will be relieved of concern over property tax equity or the impact of mill rate increases on particular groups such as pensioners and low-income families. Under our tax credit plan, the excessive burden of property taxes will be removed for these most needy groups, while high-income taxpayers who can afford to pay will no longer enjoy tax relief benefits. This corrects the major shortcoming of the property tax - its regressivity - and will allow us to concentrate further reforms on such other important dimensions as the tax base, the rate structure and the appropriate ratios among different classes of real property.

In addition to the property tax credit plan, a number of other programs have been developed over the past few years to assist particular classes of taxpayers and individual communities. In this respect I would point to the tax reduction for elderly persons in receipt of guaranteed income supplements and the payment made to municipalities within whose boundaries are situated universities, community colleges and provincial parks. This process will continue.

Fundamental to all property tax reforms is the need for complete reassessment of all properties to eliminate the anomalies and inconsistencies contained in existing assessment rolls. Haphazard



assessment causes gross inequities in tax burdens among taxpayers owning similar properties, and among property classes and among municipalities; it also distorts the distribution of provincial grants and the apportionment of regional levies among constituent municipalities. It was to remedy this situation in the shortest possible time that the Province assumed the assessment function in 1970.

The revaluation of property is already well under way and this process is programmed for completion by the end of 1973. The assessment rolls should therefore become available in 1974 when extensive public testing of the new assessments can take place. Following this, the normal appeal proceedings can be allowed to take their course.

The date of introduction of the new rolls for tax purposes will depend on the progress of the appeals through the Assessment Review Courts and the further associated legal processes. As assessment information becomes available, the tax reform policy options will be developed. The aim is to have them ready in 1974 to permit widespread discussions and review, both public and municipal. This should provide a full understanding of the principles involved and the effects. Following this, final decisions can be taken and the necessary legislation enacted.

Perhaps the most important aspect of future property tax reform -- apart from the necessary first step of complete reassessment -- is the establishment of the broadest possible property tax base. This means including in the tax base presently tax exempt and partially exempt properties, determining an appropriate method of taxing special properties such as Bell Telephone, and solving the problem of taxing farmland.

Coupled closely with the tasks of reassessment and defining a sound tax base is the matter of establishing appropriate levels of taxation on residential, commercial and industrial properties. As a result of present assessment discrepancies, large scale shifts in tax burdens will be produced by reassessment, and these tax shifts will vary widely from one municipality to another. The Government's tax reform program aims to establish appropriate levels of taxation on these different properties and to avoid a total shift to residential properties over the province as a whole. This can be achieved in a number of ways, including legislation of specific ratios for each type of property, as recommended by the Smith Committee. Other structural elements will also have to be taken into account, however, particularly the business tax and the split mill rate.

Measures will also have to be developed to phase in the impact of changes in tax burdens. These complex and interdependent property tax changes will require careful implementation. The tax reform measures and reassessment will be introduced simultaneously so that there will be a smooth and controlled transition from the old system to the new property tax system. Hopefully, this can be initiated in 1975, but as has been indicated, this will depend on the progress of assessment appeals.

Closely related to structural reform and to taxation reform, is reform of the system of provincial transfer payments to local governments.

Over the years, the financial interrelations between the provincial government and its local government partners have become unduly extensive and complex. This is particularly obvious in the current system of grants to local government. Originally, most grants were introduced to encourage certain activities and help local governments to establish uniform minimum standards of service. As the grant system developed over time, very few local areas of responsibility remained unaffected. This has led to the inevitable result that the multiplicity of grants has become merely a device of bolstering the inadequate local financial resources. The incentive effect of an individual grant has been reduced and has become a function of its attractiveness relative to that of other grants.

The Ontario Government clearly recognizes the need to rationalize its grants system. We are presently in the process of doing this. In passing, I would remind you that since March, 1969, I have been asking you for suggestions as to which conditional grants may be eliminated. I have received none. All our reform objectives are closely interrelated. Through the establishment of stronger,



more viable local governments and the process of reassessment and related local tax reforms, we expect soon to reach the point where we will be able to enhance greatly the financial independence and responsiveness of local government in meeting the problems of modern communities and people.

The Ontario Government strongly adheres to the principle that governments in Canada should have increased discretion in their own areas of spending responsibility and should have comparable minimum independent financial capacity. We have taken this position in regard to our relations with the federal government and we believe in this for our local governments.

However, this objective could not possibly be achieved under the old structure of local government in Ontario, and with the present diversities of local property assessment. Once these basic reforms have been implemented, we would be able to revamp completely the current system of transfer payments to provide local government with greatly increased independent financial capacity and spending discretion, without the risk of creating capricious effects in terms of equity among local taxpayers.

For the present, we are reviewing the grant structure in the expectation of introducing early improvements to it. In this review, we will be conscious of the need for greater efficiency in spending and delivery of services, for greater responsiveness to differing local requirements and priorities, for overall restraint by the government sector.

## CONCLUSION

The elements of Provincial policy development that I have discussed are all aimed at a common objective -- the careful management of the economic and social resources of the people of Ontario. The Province has an important role in developing a framework of province-wide resource use. Local government must be shaped and defined in such a way that local people can play a positive role in the management of those resources. Finally, the fiscal relations between the province and local governments are another important key to unlocking the abilities of both levels of government to respond effectively to the problems of a rapidly urbanizing society.

The concepts which I have discussed raise important questions about the role of local government throughout Ontario. It should be understood that, as these policies are implemented, a new set of relationships will emerge between the provincial and local levels of government.

Municipal representatives from all parts of Ontario, and indeed, from everywhere in Canada, have expressed concern about the changes which are occurring in the transition of Canada from a rural to an urban society. Later this year, municipal representatives from across Canada will meet with their federal and provincial counterparts to investigate the problems and challenges which are presented to all three levels of government in this transition.

The process of urbanization is advancing rapidly in Ontario. The Government of Ontario, which has the obligation and responsibility to shape and define the system of local government for the province, faces several options in deciding on the path to choose for the future of local government.

It is possible to visualize a system of local government with minimal responsibilities which it can exercise independently of the other levels of government. Such a course of action could be consistent with a plan to match the functional responsibilities of local government with its major independent source of operating revenue, the property tax. Such a plan could see local government confined to those areas which are generally described as services to property.

I think that this approach would be inconsistent with the role that residents of the Province of Ontario would choose to play in the direction and control of their own local affairs. Local government is an essential device to facilitate the involvement of the widest possible number of people in the process of government. Local government will not be an effective instrument if it is occupied solely with the fine detail of simple physical services.

If local government is to expand its responsibilities in keeping with the demand for physical and social services that are created by an increasingly urban society, it is essential that its geographic scope, its functional role and its relationship with the province be redefined and understood. It is important to recognize that a reformed and expanded system of local government cannot completely resolve all of the problems and challenges emanating from Ontario's urban society. Broad objectives for the effective utilization of provincial resources and for the pattern and shape of broad development trends require an overview much beyond that exercised by the system of local government. It is important therefore for the province to increase its efforts at finding broad standards and establishing concepts of development within which municipalities can direct activities. This will require changes in legislation so that provincial objectives can be clearly stated and recognized by all parties concerned. This does not imply a diminution of municipal responsibility. It is rather the creation of a framework within which local governments can carry out their own programs with greater effectiveness. Such changes would only help to bring about the notion of a full provincial-municipal partnership that was first developed for the provincial-municipal conference in April of 1970.

Equally, the effort to describe and implement a consistent policy for Ontario's municipalities implies difficult changes in the way the Province has viewed its responsibilities for many programs. The reorganization of the provincial administration will help to focus attention on the major elements of provincial policy. As many of these areas have direct implications for the functions and organization of local government, the Ministry of Treasury, Economics and Intergovernmental Affairs has a responsibility to ensure that discussions in the three Policy Fields are consistent with overall objectives for the system of local government.

In the exercise of its own responsibilities for the Regional Development Program, the Ministry will necessarily implement programs that have a great impact on local government. The series of publications and statements which I mentioned before is designed to make information available at the earliest opportunity so that municipalities and other agencies can act in concert with the province and can make their opinions known.

It should be recognized that my observations today are founded upon the fact that Ontario's future is linked to the continuing urban use of its resources. Urbanization is a complex process involving great problems for our social, environmental and economic well-being. The Regional Development Program must establish for the residents of Ontario a clear plan of action to guide the provincial and local governments. At the same time, the reform of local government and supporting fiscal arrangements must proceed to ensure that the authority exercised by local government reflects the scope and nature of the problems associated with its responsibilities. Only in this way can citizens of Ontario organize and plan to obtain the greatest benefit from our urban growth and realize the full potential of our heritage.

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